

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



February 6, 1986

ALL-COUNTY INFORMATION NOTICE I- 10-86

TO: ALL-COUNTY WELFARE DIRECTORS

SUBJECT: UPCOMING FOOD STAMP PROGRAM REGULATION CHANGES

This letter is to provide county welfare departments (CWDs) with advance information on changes to the Food Stamp Program contained in the federal Farm Bill (HR 2100) which was recently signed into law. The attached chart displays these changes and shows the federal implementation dates for each provision. Most of the changes are to be implemented by April 1, 1987, however, Food and Nutrition Services (FNS) has indicated that in addition to the provisions listed below some other provisions may become effective prior to April 1, 1987. The following changes become effective on May 1, 1986:

Deductions From Income

- 1) The earned income deduction will be raised from 18% to 20%.
- 2) The excess shelter deduction will be increased from \$139 to \$147 and will no longer be combined with the dependent care deduction.
- 3) A separate dependent care deduction will be allowed and will be capped at \$160.

Resource Limitations

- 1) Households which do not contain a member age 60 or older will have their resource limit raised from \$1500 to \$2000.
- 2) Households which consist of or include a member age 60 or over will have a \$3000 resource limit. (Currently, only households with two or more members are eligible for the \$3000 limit if at least one member is age 60 or over. This change will permit a one person household to be eligible for the \$3000 limit if that person is age 60 or older).

FNS does not anticipate publishing federal rules on the May 1, 1986 changes until April 1, 1986. The Department will be processing emergency regulations to effect these changes and will also provide CWDs with any other specific implementation instructions and information on any other changes as soon as possible. Information regarding the new employment and training program requirements will be provided later.

Any questions related to information contained in this letter should be directed to Debra Sanchez or Jolaine Beers, Food Stamp Policy Implementation Bureau, at (916) 445-6907.



ROBERT A. HOREL
Deputy Director

cc: CWDA

Attachment

THE FARM BILL OF 1985 (HR 2100)
FOOD STAMP PROVISIONS

NEW PROVISION	CURRENT STATE REGULATION	AFFECTING STATE REGULATIONS	FEDERAL IMPLEMENTATION DATE
1) <u>Publicly Operated Community Mental Health Centers</u> <u>Establishes food stamp eligibility for residents</u> <u>of publicly operated mental health centers.</u>	These centers are not currently considered "eligible" institutions.	63-102(g) 63-402.4	4/1/87
2) <u>Determination of Food Sales Volume</u> Retail food stores food sales volume is to be determined by visual inspection, purchase or sales records, or other inventory or record keeping methods that are customary or reasonable in the retail food industry.	N/A*	N/A*	4/1/87
3) <u>Thrifty Food Plan</u> Adjusts the ages of the man and woman considered in determining the TFP to age 20-50.	The ages of the man and woman considered in determining the TFP is age 20-54.	63-102(e)(1)	4/1/87
4) <u>Definitions of the Disabled</u> Expands definition of the disabled to include: - those disabled who receive state-financed SSI payments, but do not receive the basic federal SSI benefit, as long as the benefits are determined to be conditioned on meeting social security disability criteria, or are benefits granted to those who qualified under pre-SSI programs for aid to the permanently and totally disabled and blind; - recipients of federal, state or local public disability retirement pensions who have a disability considered permanent under special social security rules;	These individuals are not currently considered "disabled" for Food Stamp purposes.	63-102(e)(1)	4/1/87
5) <u>State and Local Sales Taxes</u> Bars Food Stamp Program participation in states which the Secretary determines that state or local taxes are collected on food stamp purchases.	N/A*	No later than 10/1/87	(1)

*No State regulations required.

THE FARM BILL OF 1985 (HR 2100)
FOOD STAMP PROVISIONS

NEW PROVISION	CURRENT STATE REGULATION	AFFECTED STATE REGULATIONS	FEDERAL IMPLEMENTATION DATE
6) <u>Relation of Food Stamp and Commodity Distribution Programs</u> Deletes the existing bar against operating a program distributing federally donated commodities in areas operating a Food Stamp Program.	N/A*	N/A*	4/1/87
7) <u>Categorical Eligibility</u> Requires automatic food stamp eligibility for households composed entirely of AFDC or SSI recipients. These households would be eligible without regard to most other provisions of the Food Stamp Act. However, certain provisions governing household composition and the ineligibility of institutional residents, penalties for fraud, exemptions from employment and training requirements and the ineligibility of SSI recipients in certain states would continue to apply. This provision is effective through 9/30/89 by which time the Secretary must report to Congress regarding the provision's effect on program administration, error rates, eligibility levels, benefit costs and other factors the Secretary deems appropriate.	- Food stamp eligibility is determined separately for all households regardless of their AFDC eligibility.	- No change from current policy.	4/1/87
	- No household may have food stamp benefits denied or terminated solely on the basis of an AFDC or SSI eligibility determination. A separate determination that the household has failed to meet normal food stamp eligibility tests would be required.	- No change from current policy.	
8) <u>Third Party Payments</u> Assistance for living expenses paid to a third party on behalf of a household is treated as income to the household if it is paid by a state or local government in lieu of a regular AFDC benefit, a general assistance benefit or a benefit payable by another basic assistance program comparable to GA (as determined by the Secretary) excluding medical, child care, energy and emergency or special assistance and excluding aid provided by a state or local housing authority.	No changes from existing state regulations that counts third party payments for normal living expenses as income for food stamp purposes.	63-502.2(a)	4/1/87

*No State regulations required.

(2)

THE FARM BILL OF 1985 (HR 2100)
FOOD STAMP PROVISIONS

NEW PROVISION	CURRENT STATE REGULATION	AFFECTED STATE REGULATIONS	IMPLEMENTATION DATE
9) Excluded Income	<ul style="list-style-type: none"> - That portion of an educational grant, loan or other educational assistance that goes toward tuition and mandatory fees at a post-secondary education institution is excluded from income even if that institution does not require a high school diploma as a condition for attendance. - Educational loan origination fees and insurance premiums are excluded from income for food stamp purposes. - No portion of any non-federal educational grant or loan on which payment is deferred or other educational assistance may be considered a reimbursement if it is provided for a normal living expense. In the case of federal assistance, no portion of any educational grant, to the extent it provides income assistance beyond that used for tuition and mandatory fees, may be considered a reimbursement for expenses and thereby excluded from income. (It is the intention of the House/Senate that the application of "mandatory fees" be expanded.) - Income that is otherwise countable shall be reduced by the extent that the cost of producing self-employment income exceeds the income derived from self-employment as a farmer. - Educational assistance paid for living expenses to a third party on behalf of a household is treated as income payable directly to the household. - The earnings of individuals participating in on-the-job training programs under JTPA will be counted as earned income except for dependents less than 19 years of age. 	<ul style="list-style-type: none"> - This provision currently applies to student grants/loans, etc., used at institution of higher education. 4/1/87 - These fees are not excluded. - Clarifies current policy, except for the possible expansion of allowable "mandatory fees." - Same as current policy. - Other income is not reduced. - Same as current policy. - JTPA earnings are not counted as income for food stamp purposes. 	<ul style="list-style-type: none"> 63-502.2(c) 63-502.2(e) 63-502.2(a) 63-502.2 63-502.11

(3)

THE FARM BILL OF 1985 (HR 2100)
FOOD STAMP PROVISIONS

NEW PROVISION	CURRENT STATE REGULATION	AFFECTED STATE REGULATIONS	FEDERAL IMPLEMENTATION DATE
10) <u>Child Support Payments</u> (Option Permitted) Permits states to exclude from income the first \$50 a month of child support received by an AFDC recipient family if the states reimburse the Federal Government for the estimated food stamp benefit cost for doing so.	The \$50 child support payment is counted as income for food stamp purposes.	63-502.2	4/1/87
11) <u>Deductions From Income</u> - The shelter deduction is adjusted to reflect changes in the Consumer Price Index for items other than food and "the homeowner's costs and maintenance and repair component" rather than "the homeownership component" of shelter costs. - The earned income deduction is raised to 20%.	<ul style="list-style-type: none"> - Excess shelter and dependent care deductions are combined and capped at \$139. - The earned income deduction is 18%. - Excess shelter and dependent care deductions are combined and capped at \$139. - Same as current policy with regard to eligibility for the SUA. No option for a separate SUA for households receiving LIHEAA assistance. Households may switch between actual expenses and SUA only once every 12 months. - (Option Permitted) - If a state agency elects to use an SUA which reflects heating or cooling costs, it shall be made available to households receiving either a direct or indirect payment under the Low-Income Home Energy Assistance Act of 1981 (LIHEAA) provided that the household still incurs out-of-pocket heating or cooling expenses. A state agency may use a separate SUA for households receiving indirect LIHEAA payments but may not be required to do so. A state agency not electing to use a separate SUA and which uses a single SUA for households incurring heating or cooling expenses may not be required to reduce the SUA due to the provision of assistance under LIHEAA (unless the household shares expenses). LIHEAA assistance is considered to be prorated over the entire heating or cooling season for which it is provided. Households may switch between the SUA and actual utility expenses at certification and one other time during the certification period. 	<ul style="list-style-type: none"> 63-502.32 63-503.311(B) 63-503.312(B) 63-502.34 63-502.35 63-503.311(E)(1)(G) 63-502.361(e) 63-502.363 	<ul style="list-style-type: none"> 4/1/87 5/1/85 4/1/87

*No State regulations required.

THE FARM BILL OF 1985 (HR 2100)
FOOD STAMP PROVISIONS

NEW PROVISION	CURRENT STATE REGULATIONS	AFFECTED STATE REGULATIONS	FEDERAL IMPLEMENTATION DATE
12) <u>Income From Self-Employment</u> If the averaged amount of income budgeted does not accurately reflect the household's actual monthly circumstances because the household has experienced a substantial increase or decrease in business earnings the self-employment income shall be calculated based on anticipated earnings.	In the same situation, income would be reaveraged based on the information submitted. 4/1/87	63-503.4(1) 63-503.4(2)(1) (2)(3)	
13) <u>Retrospective Budgeting and Monthly Reporting Simplification (Option Permitted)</u> Mandates retrospective budgeting and monthly reporting for households with earned income or a member who has a recent work history (waivers available except for migrants and elderly households without earned income). States may opt to use MRRB for all other types of households.	Only migrant farm worker households and households without earned income whose adult members are all elderly or disabled are excluded from monthly reporting or retrospective budgeting. 4/1/87		
14) <u>Resources Limitation</u> Resource limits are raised to: \$3,000 for households consisting of only an elderly member (\$3,000 continues to apply to households of two or more with an elderly member) \$2,000 for all other households.	- Households consisting of two or more members with at least one elderly member have a \$3,000 limit, all other households have a \$1,500 limit. 4/1/86	63-403.121 63-409.122 63-501.64 63-505.515	
15) <u>Disaster Task Force</u> Requires the Secretary to establish a disaster task force and if determined cost-effective requires the task force to be sent to the disaster area to provide direct assistance.	Not currently excluded. 4/1/87	63-501.3 63-501.52(f)	
	Already excluded in current state regulations. 4/1/87	63-501.3(b)	
	N/A*	N/A*	
			(5)

*No State regulations required.

THE FARM BILL OF 1985 (HR 2100)
FOOD STAMP PROVISIONS

NEW PROVISION	CURRENT STATE REGULATION	AFFECTION STATE REGULATIONS	FEDERAL IMPLEMENTATION DATE
16) <u>Eligibility Disqualifications</u>	<ul style="list-style-type: none"> - Requires disqualification of the entire household if the head of household fails to fulfill any food stamp work requirement. If another member fails to comply only that member would be disqualified. - Establishes a 2-month disqualification period for failure to comply with work requirements which can be terminated by either complying or by the noncomplying individual leaving the household. The noncomplying individual takes his/her disqualification with him/her to any household in which he/she joins as head of household. - Food Stamp work requirements apply to heads of households who are 16 years of age or older and not attending school half time or more or in an employment training program. - Persons assigned to institutions of higher education as part of JTPA training are considered eligible students. - Adds references to Sections 207 and 208 as eligible alien entry Sections, (deletes other wording). 	<ul style="list-style-type: none"> - EPB Responsibility 	4/1/87
17) <u>Employment and Training Program</u>	<p>The Secretary will issue guidelines that require states to 1) design and operate an Employment Training Program that is compatible and consistent with similar programs in the State, and 2) to ensure that employment and training programs are provided to Indians on reservations. In addition, the Secretary will establish performance standards that designate the minimum proportions of nonexempt persons subject to food stamp work requirements that states are required to place in employment and training programs.</p>	<p>EPB Responsibility</p>	4/1/87

THE FARM BILL OF 1985 (HR 2100)
FOOD STAMP PROVISIONS

NEW PROVISION	CURRENT STATE REGULATION	AFFECTED STATE REGULATIONS	FEDERAL IMPLEMENTATION DATE
18) <u>Staggering of Coupon Issuance (Option Permitted)</u> Permits staggering coupon issuance throughout the month as long as no household experiences an interval between issuances of more than 40 days. Households which apply and are issued benefits during the last 15 days of the month must be issued a full month's benefits by the 8th of the first full month of participation.	Staggering of issuances is permitted through the 15th of the month.	63-502.48 4/1/87	
19) <u>Alternative Means of Coupon Issuance</u> The Secretary <u>shall</u> require an alternative issuance system if it is determined that it would improve the integrity of the FSP.	N/A*	N/A*	4/1/87
20) <u>Simplified Applications and Standardized Benefits (Option Permitted)</u> The Secretary may permit not more than 5 statewide projects and not more than 5 local project area projects to operate a program which satisfies the FSP income and resource requirements if it includes one or more members who are recipients of AFDC, SSI or Medicaid benefits and has a gross monthly income that does not exceed 130 percent of the federal poverty levels. Allotment values shall be issued based on the size of the household and 1) the AFDC grant, 2) Medicaid income eligibility standard or 3) the AFDC/Medicaid needs standard. The Secretary will adjust the allotment paid to these households to ensure that they do not receive less than the average allotment paid to other such households.	N/A, unless option is selected.		4/1/87
21) <u>Disclosure of Information Submitted by Retail Stores</u> Information disclosed by retail food stores may be disclosed to and used by state agencies administering the WIC Program.		N/A*	4/1/87

*No State regulations required.

THE FAIR BILL OF 1985 (HR 2100)
FOOD STAMP PROVISIONS

NEW PROVISION	CURRENT STATE REGULATION	AFFECTED FEDERAL REGULATIONS	FEDERAL IMPLEMENTATION DATE
22) <u>Credit Unions</u> Permits federally insured credit unions which have wholesale or retail groceries within their field of membership to redeem food stamps.	N/A*	N/A*	4/1/87
23) <u>Charges For Redemption of Coupons</u> Prohibits financial institutions from charging a fee to food consumers for redemption of food stamps if the food stamps are submitted in a manner consistent with requirements for presenting the stamps to Federal Reserve Banks.	N/A*	N/A*	4/1/87
24) <u>Hours of Operation</u> Requires states to assess from time to time the need for operating food stamp offices during evening and weekend hours.	CWDs set their own hours of operation, based on need. No assessment by state.	63-205.1 and .2	4/1/87
25) <u>Certification of Information</u> Requires one adult member of a household to certify in writing under penalty of perjury the truth of the information contained in the application for allotment.	Application must be signed by a responsible household member.	63-300.3 63-402.5 63-504.323	4/1/87
26) <u>Fraud Detection</u> Requires the operation of fraud detection administrative units in project areas with 5,000 or more participating households.	Fraud Prevention Bureau responsibility.	63-300.5	4/1/87
27) <u>Verification (Option Permitted)</u> Requires verification of household size (where questionable) and allows states to require verification of any other eligibility factor.	Specific verification requirements (such as identity, income, shelter and utility expenses) are mandated with few options.	63-300.5	4/1/87
28) <u>Photographic Identification Cards</u> Permits usage of another welfare or public assistance program's photo ID card to fulfill the food stamp requirement.	Not currently permitted.	63-504.82 63-504.84 63-504.97 63-502.381 63-502.451 63-702.5	4/1/87

*No State regulations required.

THE FARM BILL OF 1985 (HR 2106)
FOOD STAMP PROVISIONS

NEW PROVISION	CURRENT STATE REGULATION	AFFECTED STATE REGULATIONS	FEDERAL IMPLEMENTATION DATE
29) <u>Eligibility of the Homeless</u> Eligible households with no fixed address can still receive food stamps	This is no change in state policy, these households are currently eligible.	63-601	4/1/87
30) <u>Expanded Food and Nutrition Education Program</u> State agencies must encourage FS recipients to participate in this program. Whenever practicable program personnel and materials will be placed in FS offices.	N/A*	N/A*	4/1/87
31) <u>Food Stamp Program Information and Simplified Application at Social Security Administration Offices</u> Permits SSI applicants/recipients to apply and be assisted in the Food Stamp application process at SSI offices.	N/A*	N/A*	10/1/86
32) <u>Retail Food Stores and Wholesale Food Concerns</u> The owners who sell or transfer a disqualified food store or wholesale food concern will be subject to a civil money penalty which will reflect that portion of the disqualification period which has not yet expired. If the disqualification period is permanent, the owners who sell or transfer ownership shall pay a civil money penalty which is double the penalty for a ten-year disqualification period and the permanent disqualification will continue to apply to the former owners.	N/A*	N/A*	4/1/87
33) <u>Liability for Overissuance of Coupons</u> Requires each adult member of a household to be jointly and severally liable for the value of any overissuance of coupons.	Household with majority of members or head of household is liable.	63-601.61	4/1/87
34) <u>Collection of Claims</u> Requires "other" methods of collection in addition to cash repayment and reducing any future FS benefits in cases of IPV unless the state can demonstrate that other methods are not cost-effective.	Not currently required.	63-601 63-802	4/1/87

*No State regulations required.

THE FARM BILL OF 1985 (HR 2100)
FOOD STAMP PROVISIONS

FEDERAL
IMPLEMENTATION
DATE

NEW PROVISION

AFFECTED STATE REGULATIONS

CURRENT STATE REGULATION

NEW PROVISION	CURRENT STATE REGULATION	AFFECTED STATE REGULATIONS	FEDERAL IMPLEMENTATION DATE
35) <u>Food Stamp Intercept of Unemployment Benefits</u>	Not currently required.		4/1/87
	- (Option Permitted) - Permits collection of IPV claims through withholding unemployment benefits. Collection can be effected either through agreement by the individual or through a court order. State agencies would reimburse unemployment compensation agencies for the cost of collection and would be entitled to retain 50% of the IPV amounts collected.		
36) <u>Administrative and Judicial Review</u>	N/A*		4/1/87
	Pending judicial review of a case the administrative action under review will remain in full force and effect unless based on a "consideration by the court of the applicant's likelihood of prevailing on the merits and of irreparable injury" the court temporarily stays the action.		
37) <u>State Agency Liability, Quality Control and Automatic Data Processing</u>	- N/A*		10/1/86
	- Reduces a state's fiscal sanction for erroneous payments by any amount due as the result of errors caused by a state's use of correctly processed information received from a federally sponsored automatic information exchange system.		
	- Require states to submit error rate information expeditiously to permit the speed-up of sanction collections. The Secretary must establish the state's fiscal sanction within 9 months of the end of the FY for which the sanction is levied.	- N/A*	10/1/86
	- Requires the Secretary in consultation with states to develop a model plan for comprehensive computerization of the FSP.	- N/A*	10/1/86
	- Requires states to develop and submit a plan for the use of automated data processing and information retrieval systems in the administration of the FSP. States must commence implementation of the plans not later than 10/1/88.	- N/A*	10/1/87

*No State regulations required.

THE FARM BILL OF 1985 (HR 2160)
FOOD STAMP PROVISIONS

NEW PROVISION	CURRENT STATE REGULATION	AFFECTED STATE REGULATIONS	IMPLEMENTATION DATE
		N/A*	4/1/85
		N/A*	4/1/85
		N/A*	One year from date of enactment.
38) <u>Quality Control Studies and Penalty Moratorium</u>	<ul style="list-style-type: none"> - Requires the Secretary to conduct a study of the FSQC system. - Prohibits any reduction in a payment to a state for 6 months from the date of enactment. - Regulations restructuring the QC System must be published not later than 18 months after enactment. 	<ul style="list-style-type: none"> - N/A* - N/A* - N/A* 	<ul style="list-style-type: none"> - N/A* - N/A* - N/A*
39) <u>Geographic Error-Phone Profiles</u>		N/A*	4/1/87
	The Secretary may use QC data to determine which project areas have payment error rates which impair the integrity of the FSP. The Secretary may impose requirements on the state agency which administers the FSP in those project areas which the Secretary determines are necessary to reduce the error rate. The Secretary must submit a report to the Agricultural Committee each year reporting on the project areas affected and the requirements imposed.		
40) <u>Pilot Projects</u>	States may request the continuation of any existing pilot project involving the payment of FS benefits in cash.	N/A*	4/1/87

*No State regulations required.

THE FARM BILL OF 1985 (HR 2100)
FOOD STAMP PROVISIONS

NEW PROVISION	CURRENT STATE REGULATION	AFFECTED STATE REGULATIONS	FEDERAL IMPLEMENTATION	DATE
41) Authorization Ceiling: Authority to reduce benefits	N/A*	N/A*	4/1/87	
	\$13,037,000,000 FY 1985 \$13,936,000,000 FY 1987 \$14,741,000,000 FY 1988 \$15,435,000,000 FY 1989 \$15,970,000,000 FY 1990			

The Secretary is required to direct benefit reductions in any FY the Secretary finds that benefit requirements will exceed the authorized appropriations level.

42) Transfer of Funds

No funds appropriated to carry out this Act may be transferred to the Office of the Inspector General of the Department of Agriculture.

*No State regulations required.

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